

M/027/007

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MAY 19 2003

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF TEXAS
AUSTIN DIVISION

DIV. OF OIL, GAS & MINING

IN RE : CASE NO. 97-14326-FRM
JUMBO MINING : (Chapter 7)
Debtor. :

**MOTION TO SET ASIDE ORDER DISALLOWING CLAIM
AND ALLOWING AMENDMENT OF CLAIM**

**THIS PLEADING REQUESTS RELIEF THAT MAY BE ADVERSE TO
YOUR INTERESTS.**

**IF NO TIMELY RESPONSE IS FILED WITHIN TWENTY (20) DAYS
FROM THE DATE OF SERVICE, THE RELIEF REQUESTED HEREIN
MAY BE GRANTED WITHOUT A HEARING BEING HELD**

**A TIMELY FILED RESPONSE IS NECESSARY FOR A HEARING TO BE
HELD.**

The Utah Board of Oil, Gas and Mining and Utah Division of Oil Gas and Mining (the "State DOMG") herein moves the Court pursuant to Rule 9024 of the Federal Rules of Bankruptcy Procedure and Rule 60(b) of the Federal Rules of Civil Procedure for an Order Setting Aside the "Order on Trustee's Objection of the Claim of Bureau of Land Management, Utah State Office," (the "Objection Order") a copy of which is attached hereto and marked "Exhibit A," to the extent that the Objection Order is intended to disallow the claim of the State DOMG established pursuant to the "First Stipulation and Motion by the Trustee and the Utah Division of Board of Oil, Gas and Mining for an Order pertaining to the Drum Mine in Utah (with Proof of Claim)" as amended by the

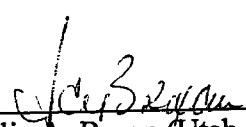
"Clarifying Addendum" copies of which are attached and marked as "Exhibit B" (collectively the "Claim Stipulation") which was approved by Order of the Court dated October 26, 1998 (the "Stipulation Order"), a copy of which is attached hereto and marked as "Exhibit C." By the instant Motion, the State DOMG requests that it be permitted to amend its claim as contemplated in the Claim Stipulation, to reflect the amount of its administrative claim, after liquidation of its collateral and further actions taken as contemplated, to reflect the balance of \$119,800.00 now owed to the State DOGM for reclamation that was the premise of the Claims Stipulation. The instant motion is based upon the following grounds:

1. The Claims Stipulation was executed and approved. At that time, counsel for the State DOMG charged with responsibility for the file was Patrick J O'Hara. Mr. O'Hara is now deceased.
2. Counsel for the State DOMG replacing Mr. O'Hara received a copy of a letter from the Trustee, purporting to accompany and enclosed "Trustee's Objection of the Claim of Bureau of Land Management, Utah State Office" (the "Objection"). Counsel for the State DOMG requested a copy of the Objection from the office of the Trustee of the bankruptcy estate of Jumbo, Inc.
3. By the time the State DOMG's current counsel received a copy of the Objection, and concluded it was intended to apply not only to the claim of the Bureau of Land Management, but was intended to apply to the State DOMG Proof of Claim set forth in the Stipulation Clarification, the Objection Order had been entered.
4. At this time, the State DOMG has liquidated the bond securing its claim against Jumbo Mining; accordingly the State DOMG no longer holds a secured claim against the bankruptcy

estate. Moreover, reclamation for estate has proceeded on the land at issue in the Clarification Order. At this stage, the State DOMG estimates the amount necessary to complete reclamation is \$119,800.00. Accordingly, the State DOMG has a valid unsecured administrative claim against the estate of Jumbo Mining in the amount of \$119,800.00, as set forth on Exhibit "D."

WHEREFORE, the Utah Board of Oil, Gas and Mining and Utah Division of Oil Gas and Mining respectfully requests this Court to enter its Order setting aside the "Order on Trustee's Objection of the Claim of Bureau of Land Management, Utah State Office," attached hereto as Exhibit "A" and allowing the administrative priority claim for reclamation due the Utah Board of Oil, Gas and Mining and Utah Division of Oil Gas and Mining in the amount of \$119,800.00.

DATED this 16th day of May, 2003.


Julie A. Bryan (Utah Bar No. 4805)
COHNE RAPPAPORT & SEGAL
525 East 100 South, Suite 500
Salt Lake City, Utah 84111
Telephone: 801.532-2666
e-mail: julie@crslaw.com
Facsimile: 801.355-1813

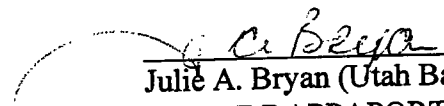
CERTIFICATE OF SERVICE

By my signature above, I, Julie A. Bryan, hereby certify that on the 16th day of May, 2003, a true and correct copy of the foregoing document was served upon the following parties by U.S. Mail:

Jumbo Mining Company
c/o E.B. King
6305 Fern Spring Rd
Austin, Texas 78730
DEBTOR

James V. Hoeffner
Attorney at Law
515 Congress Ave., Ste. 2600
Austin, TEXAS 78701-4042
ATTORNEY FOR DEBTOR

Office of the U.S. Trustee
Homer Thornberry Federal Judicial Building
903 San Jacinto Blvd., Suite 230
Austin, Texas 78701


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Bureau of Land Management
Utah State Office
324 S State #301
SLC, UT 84111

IBEX Gold Mining Trust
Attn: P Robert Knight
12454 E Brickyard Rd Ste 530
SLC, UT 84106

Texas Commerce Bank
Attn: James Watkins
700 Lavaca
Austin, TX 78701

Utah Div of Oil Gas Mining
James W Carter Dir
1594 W North Temple #1210
SLC, UT 84114-5801

Holland & Hart LLP
DEPT 400
DENVER CO 80291-0400

State of Utah, Trust Lands Adm
3 Triad Ctr Ste 400
355 W North Temple
SLC, UT 84180-1204

Utah Dept of Workforce Svcs
PO Box 45233
SLC, UT 84145-0233

Workers Compensation Fund of
Utah
293 East 6400 south
Murray, UT 84107

Glenn W. Merrick
Brega & Winters PC
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John F Carmody VP-Fin
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Bureau of Land Management
AZ State Office/Mining Branch
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Phoenix, AZ 85001-0555

Nevada Dept of Taxation
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Las Vegas, NV 89193-8596

US Dept of the Interior
Nevada State Dir/BLM
PO BOX 12000
Reno NV 89520

Bureau of Land Management
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Reno, NV 89520

MIZPAH MINING CO
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DELTA UT 84624

US Dept of the Interior
Land Mgmt/Arizona/Mining Br
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NORCO
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Boise, ID 83705

Utah Dept of Environmental Quality
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SLC, UT 84114-4870

Dave Hartshorn
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Nevada Div of Environmental
Protection (Mining Reg & Rec)
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Carson City, NV 89706-0851

US Dept of Interior/ BLM
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Wheatridge, CO 80033

Sierra Airgas
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Sacramento, CA 95819

Randolph Osherow
Chpt 7 Trustee
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San Antonio TX 78212

Whitmore Oxygen Co
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SLC, UT 84125

•
Z Lance Samay
Attorney at Law
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NORCO
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BOISE, ID 82715

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Austin, TX 78730

U s trustee
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Austin, TX 78701

Workforce Services
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SLC, UT 84145-0266

Stephen D. Alfers
Alfers & Carver LLC
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Denver, CO 80202

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DIV. OF OIL, GAS & MINING

EXHIBIT A

FILED

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF TEXAS
AUSTIN DIVISION

NOV 18 2002

U.S. BANKRUPTCY COURT
BY MONROE DEPUTY

IN RE

JUMBO MINING

Debtor

§
§
§
§
§

CASE NO. 97-14326-FRM

(Chapter 7)

**ORDER ON TRUSTEE'S OBJECTION TO THE CLAIM
OF BUREAU OF LAND MANAGEMENT UTAH STATE OFFICE**

On this date came on to be considered Trustee's Objection to the Claim of Bureau of Land and Management Utah State Office ("BLM") in the amount of One Million Three Hundred Thirty-seven Thousand no/100ths Dollars (\$1,337,000.00), and it appearing to the Court that said claim should be disposed of as follows, it is therefore hereby

ORDERED that Trustee's objection be and the same is hereby granted, and it is further

ORDERED that the claim of the BLM in the amount of \$1,337,000.00 is disallowed as a claim against the estate.



Frank R. Monroe
U. S. Bankruptcy Judge

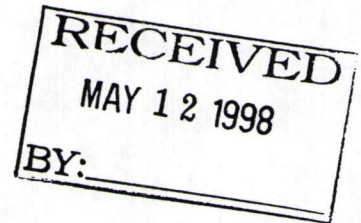
SEND DOCKETED COPY TO:

C. Daniel Roberts, Trustee
1300 Guadalupe, Suite 111
Austin, Texas 78701
Telephone No. (512) 494-8448
Facsimile No. (512) 494-8712

EXHIBIT "A"

Final

Before the
United States Bankruptcy Court
for the Western District of Texas, Austin Division



In re)	
Jumbo Mining Company,)	
a Texas corporation,)	Case No. 97-14326FM
)	
Debtor)	Chapter 7
)	
)	
)	
)	
)	

FIRST STIPULATION AND MOTION BY THE TRUSTEE AND THE
UTAH DIVISION & BOARD OF OIL, GAS & MINING FOR AN
ORDER PERTAINING TO THE DRUM MINE IN UTAH (WITH A
PROOF OF CLAIM)

THIS PLEADING REQUESTS RELIEF THAT MAY BE ADVERSE TO
YOUR INTERESTS.

IF NO TIMELY RESPONSE IS FILED WITHIN TWENTY (20) DAYS
FROM THE DATE OF SERVICE, NO HEARING WILL BE HELD AND THE RELIEF
REQUESTED IN THE MOTION MAY BE GRANTED WITHOUT A HEARING
BEING HELD. A TIMELY FILED RESPONSE IS NECESSARY FOR A HEARING
TO BE HELD.

The parties named below, acting by and through their respective counsel,
hereby jointly stipulate and move for an order as follows:

1. The Debtor & the Trustee.--In this matter, the court-appointed
Chapter 7 Trustee (the "Trustee") of Jumbo Mining Company (the "Debtor") is Mr. C.
Daniel Roberts, 415 Westlake Place, 1515 Capital of Texas Highway South, Austin, TX
78746 Telephone: 512-327-7086 (the "Trustee").

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SEP 30 2002

ATTORNEY GENERAL
Natural Resource Division

2. Trustee's Counsel.--Court-approved legal counsel to the Trustee is the Trustee himself in his professional capacity as a lawyer in the private practice of law (i.e., C. Daniel Roberts, Esq. at the law firm of C. Daniel Roberts & Associates, P.C., same address and telephone as noted above).

3. DOGM & the Board.--This Stipulation and Motion is made jointly by the Trustee and the State of Utah, Department of Natural Resources, both the Division of Oil, Gas & Mining and the Board of Oil, Gas & Mining, 1594 West North Temple, Suite 1210, P.O. Box 145801, Salt Lake City, UT 84114-5801 ("DOGM" and the "Board," respectively). As used herein, the term the "Stipulating Parties" shall mean the Trustee, DOGM and the Board.

4. DOGM & Board's Texas Bankruptcy Counsel.--DOGM and the Board are represented in this bankruptcy proceeding by John W. Alvis, Esq. at the law firm of Alvis, Carssow & Ingalls, 5766 Balcones Drive, Suite 201, Austin, TX 78731. Telephone: 512-469-3797; Fax: 512-302-0625.

5. DOGM Counsel.--DOGM is also represented by Daniel G. Moquin, Esq., Assistant Attorney General, Utah Attorney General's Office, 1594 West North Temple, Suite 300, P.O. Box 140855, Salt Lake City, UT 84114-0855. Telephone: 801-538-5243; Fax: 801-538-7440.

6. Board Counsel.--The Board is also represented by Patrick J. O'Hara, Esq., Assistant Attorney General, Utah Attorney General's Office, 160 East 300 South, 5th Floor, P.O. Box 140857, Salt Lake City, UT 84114-0857. Telephone: 801-366-0508; Fax: 801-366-0352.

7. Petition Date.--On November 10, 1997, the above-captioned proceeding was initiated when the Debtor filed a voluntary petition for bankruptcy under Chapter 7, Title 11, of the United States Code. All references herein to "pre-petition" and "post-petition" are with reference to said petition date. The Court thereafter appointed the Trustee to act for and on behalf of the Debtor's estate to the full extent allowed by law.

8. Debtor's Mine in Utah.--The Debtor has certain assets, liabilities and legal obligations in Utah arising out of the Debtor's interest in that certain mine in Utah commonly called the "Drum Mine."

9. Definition of Mining Operation.--The Stipulating Parties agree to use the definition of "Mining Operation" as stated in the Utah Mined Land Reclamation Act

(the "Utah Act") at Utah Code Ann. Sec. 40-8-4(8)(a) (1953, as amended), as follows:
"(8)(a) "Mining operation" means those activities conducted on the surface of the land for the exploration for, development of, or extraction of a mineral deposit, including, but not limited to, surface mining and the surface effects of underground and in situ mining, on-site transportation, concentrating, milling, evaporation, and other primary processing."

10. Definition of Operator.--The Stipulating Parties agree to use the definition of "Operator" as stated in the Utah Act, Utah Code Ann. Sec. 40-8-4(12) (1953, as amended), as follows: "(12) "Operator" means any natural person, corporation, association, partnership, receiver, trustee, executor, administrator, guardian, fiduciary, agent or other organization or representative of any kind, either public or private, owning controlling, or managing a mineral deposit or the surface of lands employed in mining operations."

11. Definition of Drum Mine.--The Stipulating Parties agree that the term "Drum Mine" shall refer to and mean that certain Mining Operation in Utah numbered by DOGM and the Utah Board as Mine No. M/027/007, which mine is located more particularly in portions of Section 7, Township 15 South, Range 10 West, Salt Lake Base & Meridian, Millard County, Utah, along with that certain "Drum Mountain Project Amendment" located more particularly in portions of Sections 35 and 36, Township 14 South, Range 11 West; Sections 6, 7, & 8, Township 15 South, Range 10 West; and Section 1, Township 15 South, Range 11 West, SLB&M, Juab and Millard Counties, Utah, along with any other parcels of Land Affected in said counties, if any, by the Debtor's Mining Operation in Utah. The Drum Mine is further identified by the relevant Notice of Intention documents and Reclamation Plan documents filed pre-petition with DOGM by the Debtor.

12. Partial Transfer from Western to the Debtor.--In 1989, the Debtor purchased its interest in the Drum Mine from a third party named Western States Minerals Corporation ("Western"), at which time the Board approved a certain partial transfer of the approved Notice of Intention from Western to the Debtor for certain parts of the Drum Mine. Western is also a party to the Board Hearing described below. The Stipulating Parties agree that this stipulation and motion applies in its broadest possible sense to all parts of the Drum Mine for which the Debtor has a Reclamation Obligation for Land Affected by a Mining Operation.

13. Definition of "Land Affected".--The Stipulating Parties agree to use the definition of "Land Affected" as stated in the Utah Act, Utah Code Ann. Sec. 40-8-4(7) (1953, as amended), as follows: "(7) "Land affected" means the surface and

subsurface of an area within the state where mining operations are being or will be conducted, including, but not limited to: (a) on-site private ways, roads, and railroads; (b) land excavations; (c) exploration sites; (d) drill sites or workings; (e) refuse banks or spoil piles; (f) evaporation or settling ponds; (g) stockpiles; (h) leaching dumps; (i) placer areas; (j) tailings ponds or dumps; and (k) work, parking, storage, or waste discharge areas, structures, and facilities. All lands shall be excluded that would otherwise be includable as land affected but which have been reclaimed in accordance with an approved plan or otherwise, as may be approved by the board, and lands in which mining operations have ceased prior to July 1, 1977."

14. Definition of "Reclamation".--The Stipulating Parties agree to use the definition of "Reclamation" as stated in the Utah Act at Utah Code Ann. Sec. 40-8-4(14) (1953, as amended), as follows: "(14) "Reclamation" means actions performed during or after mining operations to shape, stabilize, revegetate, or otherwise treat the land affected in order to achieve a safe, stable, ecological condition and use which will be consistent with local environmental conditions." The Stipulating Parties further agree that the administrative rules of DOGM and the Board as duly published in the Utah Admin. Code R647 set forth in detail the particular actions required by Operators to satisfy the requirements for Reclamation of Land Affected by a Mining Operation in Utah.

15. Police Power.--As the Operator of the Mining Operation called the Drum Mine, the Trustee acknowledges that he and the Debtor are subject to the police power jurisdiction of all agencies of the state and federal government with jurisdiction over all or part of said Mining Operation, including but not limited to DOGM and the Board. The Stipulating Parties are aware that 28 U.S.C. § 959(b) states: "Except as provided in section 1166 of title 11 [i.e., a special railroad reorganization exception not applicable to this matter], a trustee, receiver or manager appointed in any cause pending in any court of the United States, including a debtor in possession, shall manage and operate the property in his possession as such trustee, receiver or manager according to the requirements of the valid laws of the State in which the property is situated, in the same manner that the owner or possessor thereof would be bound to do if in possession thereof." Id. Therefore, the Stipulating Parties agree that, during the pendency of the bankruptcy case, nothing in this stipulation and motion shall be construed to relieve the Debtor or the Trustee from complying with requirements of the Utah Act, or other applicable law, at the Drum Mine.

16. Statutory Objectives of Reclamation.--The Stipulating Parties agree that the Utah Act states that the three primary objectives of Reclamation are as set forth in

the Utah Act at Utah Code Ann. Sec. 40-8-12 (1953, as amended), as follows: "The objectives of mined land reclamation are: (1) to return the land, concurrently with mining or within a reasonable amount of time thereafter, to a stable ecological condition compatible with past, present, and probable future local land uses; (2) to minimize or prevent present and future on-site or off-site environmental degradation caused by mining operations to the ecologic and hydrologic regimes and to meet other pertinent state and federal regulations regarding air and water quality standards and health and safety criteria; and (3) to minimize or prevent future hazards to public safety and welfare. "

17. Definition of "Reclamation Obligation".--The Stipulating Parties agree that the term "Reclamation Obligation" with regard to the Debtor's interest in the Drum Mine has the same meaning as stated in the Utah Act at Utah Code Ann. Sec. 40-8-12.5 (1953, as amended), as follows: "Every operator shall be obligated to conduct reclamation and shall be responsible for the costs and expenses thereof. "

18. DOGM Findings (Overview).--Pre-petition, DOGM made certain detailed administrative findings about the Debtor's Reclamation Obligation at the Drum Mine, including but not limited to findings that (a) the Debtor permanently had ceased its Mining Operation at the Drum Mine; (b) that the Debtor had an obligation under law to commence Reclamation at the Drum Mine; and (c) that the Debtor had an obligation to post collateral with DOGM in the amount of \$1,337,000, in a form satisfactory to the Board, to secure the Debtor's performance of said Reclamation Obligation (the "DOGM Findings").

19. DOGM Findings (Details).--The DOGM Findings, which are incorporated herein by this reference, are set forth more particularly in (a) that certain April 10, 1997 "Petition by the Division of Oil, Gas & Mining for an Order Requiring Immediate Reclamation of the Drum Mine by Western States Minerals Corporation and Jumbo Mining Company," Utah Board Docket No. 97-009, Cause No. M/027/007 and (b) that certain pre-petition letter from DOGM to the Debtor dated September 12, 1997, including that certain document dated September 11, 1997 entitled, "Findings and Analysis-Drum Mine" which is attached to said letter as Exhibit 1.

20. Debtor's Appeal.--Pre-petition, the Debtor timely perfected an appeal to the Board in an effort to overturn the DOGM Findings applicable to the Debtor (the "Debtor's Appeal").

21. Board Hearing.--Pre-petition, the Board scheduled the evidentiary hearing on the Debtor's Appeal from the DOGM Findings to start February 25, 1998, to

be held as a formal adjudication before the Board (the "Board Hearing"). As set forth below, that date has since been changed. The seven members of the Board are appointed by the Governor of Utah. The Board meets in public hearings held on the record to decide cases, in accordance with law, which fall within its jurisdictional mandate over oil, gas and mining matters in Utah. The Board Hearing concerning the DOGM Findings which have been challenged by the Debtor will be held on the record before a quorum of the Board.

22. New Board Hearing Date & Pre-Hearing Deadlines.--Post-petition, the Board, acting on a stipulation and motion by DOGM and Western, and cognizant of the fact that the Debtor had filed for bankruptcy, entered an order on January 16, 1998 to continue the start of Board Hearing from February 28, 1998 to the new start date of April 29, 1998. Pursuant to this Stipulation and Motion, however, the Board, DOGM, and the Trustee, by and through their respective counsel, hereby agree to continue the hearing based on the following schedule:

Base Date

The "Base Date" is defined to mean the date the Trustee receives from DOGM a true and correct copy of an expert report, along with the underlying supporting data, characterizing the conditions on the Land Affected at the Drum Mine. Counsel for DOGM shall file with the Board, and serve a copy on the Trustee's counsel, a "Notification of the Base Date" once that specific date is an accomplished fact.

30 Days After Base Date

Deadline for the Trustee, DOGM or the Board to file a motion, if any, with the U.S. Bankruptcy Court for the Western District of Texas to seek a ruling concerning the question whether the automatic stay prevents the Board from holding its hearing. If the Trustee elects to not file such a motion by this deadline, the Trustee agrees that he thereby will be deemed to have intentionally waived this issue and that the matter will be heard by the Board. The Trustee, DOGM and/or the Board may elect to litigate the automatic stay issue in any appropriate forum prior to this deadline.

80-100 Days After Base Date

Parties will take depositions of each other's witnesses in Salt Lake City at mutually convenient times.

110 Days After Base Date	Deadline for filing a dispositive motion, if any, with the Board.
130 Days After Base Date	Deadline for filing a response to a dispositive motion, if any. No replies to any dispositive motion responses shall be filed
140 Days After Base Date	Deadline for the parties to file Exhibit Lists and 12 sets of pre-marked Exhibits with the Board Secretary (and the deadline to provide a courtesy Exhibit List and set of pre-marked Exhibits to opposing counsel).
First Regularly Scheduled Board Hearing Held at Least 150 Days After Base Date	New Board hearing date.

23. The Trustee Waives the Debtor's Objection to the DOGM Finding that the Debtor's Mining Operation Permanently Has Stopped.--Effective at least as early as of the petition date (i.e., November 10, 1997), the Trustee admits the DOGM Finding that the Debtor permanently has ceased its Mining Operation at the Drum Mine. The Trustee hereby waives all pre-petition filings by the Debtor wherein the Debtor heretofore had contested that DOGM Finding.

24. The Trustee Waives the Debtor Right to Object, if at all, to the Immediate Forfeiture to DOGM of the Debtor's Reclamation Collateral.--The Stipulating Parties agree that DOGM, through the State of Utah's Department of Finance, is holding \$162,000 in Treasury Bills (the "Reclamation Collateral"). The Reclamation Collateral was placed by the Debtor with DOGM on a pre-petition basis several years ago to secure the Debtor's Reclamation Obligation at the Drum Mine. The Trustee hereby stipulates that said Reclamation Collateral shall, upon the entry of an order of the U.S. Bankruptcy Court approving this stipulation and motion, immediately, and without the need for further Board notice, Board hearings or Board orders, be forfeited to DOGM, and that DOGM shall be allowed to expend the Reclamation Collateral on Reclamation on the Land Affected at the Drum Mine in the manner allowed by the Utah Act, the administrative rules, regulations, and orders adopted pursuant thereto, and any applicable state-federal memoranda of understandings. Since the Stipulating Parties agree that the Debtor has permanently ceased its Mining Operation at the Drum Mine, but has left the Drum Mine in a non-reclaimed status, the Stipulating Parties expressly intend by this paragraph of the stipulation and motion to eliminate the need and expense for DOGM to

institute costly, protracted litigation against the Debtor and the Trustee, either before the Board or the U.S. Bankruptcy Court, to secure forfeiture of the Reclamation Collateral. The Stipulating Parties agree that the outcome of such proceedings, whether before the Board or the U.S. Bankruptcy Court, ultimately and properly would result in an award of the Reclamation Collateral to DOGM. The Stipulating Parties agree that even if the automatic stay does apply to the Reclamation Collateral, as claimed by the Trustee, the stay immediately shall be lifted upon the entry of an order of the U.S. Bankruptcy Court approving this stipulation and motion.

25. Trustee Reserves all Other Objections--At this stage of his investigation of the Debtor's estate, the Trustee is not yet willing to stipulate to waive any of the Debtor's other objections to the DOGM Findings as applied to the Debtor. As the Trustee's investigation proceeds, however, it is possible that the Trustee may be willing to stipulate to all or some of the other DOGM Findings.

26. Description of the Stay Dispute--DOGM and the Board contend that the automatic stay provisions under 11 U.S.C. Sec. 362(a) do not stay DOGM's or the Board's police power jurisdiction over the Debtor's Reclamation Obligation under the Utah Act concerning the Drum Mine. DOGM and the Board rely on 11 U.S.C. Sec. 362(b)(4) in support of their contention that the Board has the right under applicable law, including but not limited to applicable bankruptcy law, unilaterally to go forward with the hearing to adjudicate the Debtor's appeal from the DOGM Findings. DOGM and the Board contend that the contemplated Board Hearing falls within the plain meaning of the exception at Sec. 362(b)(4), which exempts from the automatic stay, "the commencement or continuation of an action or proceeding by a governmental unit to enforce such governmental unit's police or regulatory power." *Id.* Since the Trustee contends otherwise, the Stipulating Parties have what may be called the "Stay Dispute".

27. Description of the Findings Dispute--Insofar as the Trustee still reserves the right to challenge all of the DOGM Findings not otherwise waived herein, and insofar as the Trustee's asserted reservation of rights impacts the jurisdictional mandate and adjudication schedule of both DOGM and the Board, the Stipulating Parties have what may be called the "Findings Dispute". Insofar as the ultimate determination of the amount of the Debtor's Reclamation Obligation is important to the Trustee's eventual resolution of the pending bankruptcy case, the Stipulating Parties mutually desire to adopt a workable plan, at a minimum of expense, that will allow them to resolve both the Stay Dispute and the Findings Dispute.

28. Board Hearing--Applicable Law.--The Board expresses no opinion as to how it will, after it hears the conflicting evidence, ultimately resolve the pending administrative appeal which was filed by the Debtor to challenge the DOGM Findings. The Board does express the institutional opinion that it has the power and duty under all applicable law to hold its scheduled evidentiary hearing in Utah to resolve the conflict between DOGM, the Debtor and Western concerning the DOGM Findings. The Board will decide the case concerning the contested DOGM Findings fairly in accordance with the evidence and the legal requirements of the Utah Act, UAPA, the Board's Rules of Practice and Procedure published in the Utah Admin. Code R641, and the substantive implementing administrative rules of DOGM and the Board published in the Utah Admin. Code R647. In the manner allowed by applicable Utah law, a party to a formal Board adjudication may appeal a final Board order to the Utah Supreme Court.

29. Compromise.--The Stipulating Parties agree that they have a mutual interest in not expending the limited assets of the Debtor's estate litigating the Stay Dispute, and that they share a mutual desire to get a prompt and professional adjudication of the Findings Dispute. The Stipulating Parties agree, therefore, that the Stay Dispute and the Findings Dispute shall be settled and compromised in the manner set forth in this stipulation and motion.

30. Trustee Agrees that Board Will Not be Stayed from Deciding the Findings Dispute.--Unless the Trustee timely and successfully avails himself to the provision in Paragraph 22 of this Stipulation and Motion which allows the Trustee to file an appropriate motion on the automatic stay question within 30 days after the Base Date, the Stipulating Parties agree that the Board, and not the U.S. Bankruptcy Court in Texas, shall adjudicate the Debtor's challenge, if there be any, to the DOGM Findings (including but not limited to the Trustee's challenge, if there be any, to the dollar amount of DOGM's Proof of Claim based thereon). In preparation for the Board Hearing, the Trustee shall go forward with his investigation concerning the factual and legal basis for the \$1.337 million Reclamation Obligation as set forth more particularly in the DOGM Findings. If, as a result of his pre-hearing investigation of the applicable law and the facts, the Trustee ultimately decides between now and the date of the Board hearing to withdraw and abandon the pre-petition Debtor's appeal to the Board concerning the DOGM Findings, the DOGM Findings thereby will become final and non-appealable and the Board Hearing will not even be necessary. Unless the Trustee timely and successfully avails himself to the provision in Paragraph 22 of this Stipulation and Motion which allows the Trustee to file an appropriate motion on the automatic stay question within 30 days after the Base Date, to the full extent that DOGM and/or the Board need, as previously alleged by the Trustee, judicial relief from the automatic stay under 11 U.S.C. Sec. 362 to hold

the Board Hearing, the Stipulating Parties agree that the automatic stay is and shall be lifted in connection with the Board Hearing upon the entry of an order by the U.S. Bankruptcy Court consistent with this stipulation and motion.

31. Default Potential.---Unless the Trustee timely and successfully avails himself to the provision in Paragraph 22 of this Stipulation and Motion which allows the Trustee to file an appropriate motion on the automatic stay question within 30 days after the Base Date, if the Debtor does not appear and defend on the merits at the Board Hearing, the Stipulating Parties agree that the Board may, without further notice to the Debtor or Trustee, enter a Default Order against the Debtor affirming all of the DOGM Findings, from which Default Order the Trustee agrees not to appeal.

32. No Adversary Proceeding in Bankruptcy Court.---Unless the Trustee timely and successfully avails himself to the provision in Paragraph 22 of this Stipulation and Motion which allows the Trustee to file an appropriate motion within 30 days after the Base Date, the Stipulating Parties agree that the Trustee and the Debtor will, without reservation, recognize as valid for purposes of liquidating the Debtor's estate the dollar amount of the Debtor's Reclamation Obligation as ultimately determined in a final, non-appealable order of the Board, minus a \$162,000 credit in favor of the Debtor for the forfeited Reclamation Collateral. Once determined by the Board in a final, non-appealable order, the Stipulating Parties agree that there will be no need or basis for the Stipulating Parties (or any other parties in interest in the bankruptcy proceeding) to re-litigate or otherwise challenge the ultimately decided amount of the Reclamation Obligation (e.g., there will be no adversary proceeding in the U.S. Bankruptcy Court on that claim).

33. Proof of Claim.--The Stipulating Parties agree that DOGM and the Board, by entering into this stipulation and motion with the Trustee, subject to approval of same by the U.S. Bankruptcy Court, shall be deemed for all purposes of applicable law, including but not limited to Rule 3001 of the Federal Rules of Bankruptcy Procedure, to have filed a substantively complete, procedurally proper and timely equivalent of a standard "Form 10" Proof of Claim against the Debtor's estate, as follows:

(A) The total amount of the Proof of Claim is at least \$1,337,000.00, broken down as follows: \$162,000.00 of the total is deemed a secured claim (i.e., the Reclamation Collateral) (which part of the total claim the Trustee does not contest), and the balance, or \$1,175,000.00, is deemed an unsecured claim.

(B) In the alternative, DOGM further contends in this Proof of Claim that the portion of the total Reclamation Obligation not funded by the Reclamation Collateral (i.e., \$1,175,000.00), qualifies as a post-petition administrative claim, or at

least a priority unsecured claim, because DOGM contends that the public interest in protecting the environment justifies a priority over other unsecured claims. DOGM contends that the Debtor has an on-going post-petition statutory duty under the Utah Act to fulfill the Reclamation Obligation at the Drum Mine, and to post Reclamation Collateral with DOGM in the amount of its Reclamation Obligation to secure the Debtor's performance of the Reclamation Obligation--see the Utah Act read in light of the requirements of 28 U.S.C. § 959(b)--so DOGM contends that the Reclamation Obligation (and said additional Reclamation Collateral) should be paid as an administrative claim or a priority claim ahead of general pre-petition unsecured claims.

(C) The Stipulating Parties agree that the actual dollar amount of the Reclamation Obligation, as finally determined by the Board (or, if applicable, the U.S. Bankruptcy Court) in a final non-appealable order (which amount could be more or less than the stated amounts), shall be deemed an allowed and timely amendment of said Proof of Claim, it being the intention and desire of the Stipulating Parties fairly and efficiently to resolve the entire dispute, if any, concerning the amount of the unsecured portion of the total claim in the manner set forth herein.

(D) As of the present date, this Proof of Claim is only being filed by DOGM, and not also by the Board, because the Board has not yet heard the Debtor's Appeal concerning the DOGM Findings. The Stipulating Parties agree, however, that this Proof of Claim shall be deemed for all purposes to have been retroactively and timely filed by both DOGM and the Board when the Board (or, if applicable, the U.S. Bankruptcy Court) ultimately does determine the Reclamation Obligation.

(E) If DOGM or the Board hereafter desire to assert any separate, additional or alternative claim, based on any other theory, they may do so without limitation in a separate filing in the manner, and within the time, allowed by law.

(F) In filing this Proof of Claim, DOGM (and, eventually, as provided above, the Board) is not conceding that the Debtor's Reclamation Obligation under the Utah Act is exclusively a money debt of the kind or type which, as a matter of law, can be discharged or otherwise compromised or ignored while the Debtor is in bankruptcy. DOGM and the Board expressly reserve the right to seek all injunctive and enforcement remedies available to them, or either of them, during the pendency of the bankruptcy proceeding.

(G) This Proof of Claim is filed only on behalf of the governmental units identified herein as DOGM (and, eventually, as provided above, the Board). Any waiver of governmental immunity allowed under 11 U.S.C. § 106, which DOGM and the Board do not necessarily concede, is limited to the specific governmental units of DOGM and the Board. This Proof of Claim does not purport to be, and is not, a Proof of Claim from the State of Utah generally, or any other agencies within the executive branch of the State

of Utah. This Proof of Claim shall not be construed to be a waiver of sovereign immunity as to any such other governmental units.

34. Police Powers Undiminished.--This stipulation and motion does not purport in any way whatsoever to diminish or waive all or part of the inherent police powers of any agency of federal or state government, including but not limited to the State of Utah, DOGM, the Board, or any of its other agencies or subdivisions.

35. Motion.--The Stipulating Parties hereby move for an Order approving this stipulation and motion.

Dated this 21st day of April, 1998.

UTAH ATTORNEY GENERAL'S OFFICE

By Patrick J. O'Hara

Patrick J. O'Hara

Assistant Attorney General, State of Utah

Attorney to the Utah Board of Oil, Gas & Mining

160 East 300 South, 5th Floor

P.O. Box 140857

Salt Lake City, UT 84114-0857

Telephone: 801-366-0508

Dated this 21st day of April, 1998.

UTAH ATTORNEY GENERAL'S OFFICE

By Daniel G. Moquin
Daniel G. Moquin
Assistant Attorney General, State of Utah
Attorney to the Utah Division of Oil, Gas & Mining
1594 West North Temple, Suite 300
P.O. Box 140855
Salt Lake City, UT 84114-0857
Telephone: 801-538-5243

DATED this 11th day of May, 1998.

ALVIS, CARSSOW & INGALLS

By John W. Alvis
John W. Alvis - 01130000
Attorney to the Utah Board of Oil, Gas & Mining and
the Utah Division of Oil, Gas & Mining
5766 Balcones Drive, Suite 201
Austin, TX 78731
Telephone: 512-469-3797

DATED this 21 day of April, 1998.

C. DANIEL ROBERTS & ASSOCIATES, P.C.

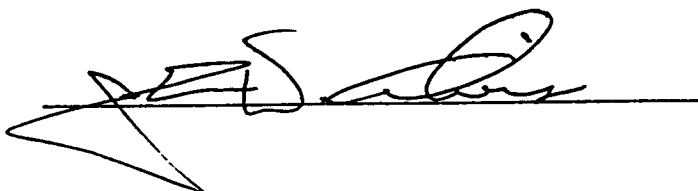
By C. Daniel Roberts / By John W. Alvis, Esq. with permission
C. Daniel Roberts
Trustee and Trustee's Attorney
415 Westlake Place
1515 Capital of Texas Highway South
Austin, TX 78746
Telephone: 512-327-7086

CERTIFICATE OF SERVICE

I hereby certify that, on this 11th day of May, 1998, the undersigned caused to be mailed, with first class postage prepaid, a true and correct copy of the foregoing "FIRST STIPULATION AND MOTION BY THE TRUSTEE AND THE UTAH DIVISION & BOARD OF OIL, GAS & MINING FOR AN ORDER PERTAINING TO THE DRUM MINE IN UTAH (WITH A PROOF OF CLAIM)", to C. Daniel Roberts 415 Westlake Place, 1515 Capital Of Tx Hwy. S., Austin, TX 78746 and to the following persons:

See attached service list.

In the interest of economy, the service list has been omitted from the service copies.

A handwritten signature in black ink, appearing to be "C. Daniel Roberts", written over a horizontal line.

BUREAU OF LAND MANAGEMENT
UTAH STATE OFFICE
324 S STATE ST STE 301
SALT LAKE CITY UT 84111

BUREAU OF LAND MANAGEMENT
AZ STATE OFFICE / MINING BRANCH
P O BOX 555
PHOENIX AZ 85001-0555

E B AND JANET KING
6305 FERN SPRING COVE
AUSTIN TX 78730

IBEX GOLD MINING TRUST
ATTN P ROBERT KNIGHT
12454 E BRICKYARD RD STE 530
SALT LAKE CITY UT 84106

NEVADA DEPT OF TAXATION
P O BOX 98596
LAS VEGAS NV 89193-8596

NORCO
1125 W AMITY RD
BOISE ID 83705

TEXAS COMMERCE BANK
ATTN JAMES WATKINS
700 LAVACA
AUSTIN TX 78701

US DEPT OF THE INTERIOR
NEVADA STATE DIR / BLM
P O BOX 12000
RENO NV 89520

UTAH DEPT OF ENVIRONMENTAL
QUALITY
DAVID RUPP PE
P O BOX 144870
SALT LAKE CITY UT 84114-4870

UTAH DIV OF OIL GAS MINING
JAMES W CARTER DIR
1594 W NORTH TEMPLE STE 1210
SALT LAKE CITY UT 84114-5801

BUREAU OF LAND MANAGEMENT
P O BOX 12000
RENO NV 89520

DAVE HARTSHORN
P O BOX 999
DELTA UT 84624

HOLLAND & HART LLP
DEPT 400
DENVER CO 80291-0400

MIZPAH MINING CO
P O BOX 336
DELTA UT 84624

NEVADA DIV OF ENVIRONMENTAL
PROTECTION (MINING REG & REC)
333 W NYE LANE RM 138
CARSON CITY NV 89706-0851

STATE OF UTAH
TRUST LANDS ADM
3 TRIAD CTR STE 400
355 W NORTH TEMPLE
SALT LAKE CITY UT 84180-1204

US DEPT OF THE INTERIOR
LAND MGMT / ARIZONA / MINING BR
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PHOENIX AZ 85001-0555

US DEPT OF THE INTERIOR / BLM
REX ROWLEY AREA MANAGER
P O BOX 778
FILLMORE UT 84631

UTAH DEPT OF WORKFORCE SVCS
P O BOX 45233
SALT LAKE CITY UT 84145-0233

WESTERN STATES MINERALS CORP
c/o HADDON MORGAN & FOREMAN PC
150 E 10th AVE
DENVER CO 80203

WESTERN STATES MINERALS CORP
4975 VAN GORDON ST
WHEATRIDGE CO 80033

WHITMORE OXYGEN CO
P O BOX 25477
SALT LAKE CITY UT 84125

WORKERS COMPENSATION FUND
OF UTAH
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MURRAY UT 84107

Z LANCE SAMAY
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COMMERCIAL BUSINESS RADIO
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NORCO
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BOISE ID 82715

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SACRAMENTO CA 95819

WORKFORCE SERVICES
P O BOX 45266
SALT LAKE CITY UT 84145-0266

GLENN W MERRICK
BREGA & WINTERS PC
1700 LINCOLN ST STE 2222
DENVER CO 80203

JUMBO MINING CO TX CORP
c/o E B KING
6305 FERN SPRING COVE
AUSTIN TX 78730

JAMES V HOFFNER
ATTORNEY AT LAW
515 CONGRESS STE 2600
AUSTIN TX 78701

ASOMA (UTAH)
c/o E B KING
6305 FERN SPRING COVE
AUSTIN TX 78730

RANDOLPH OSHEROW
CHPT 7 TRUSTEE
342 W WOODLAWN
SAN ANTONIO TX 78212

STEPHEN D ALFERS
ALFERS & CARVER LLC
730 SEVENTEETH ST STE 340
DENVER CO 80202

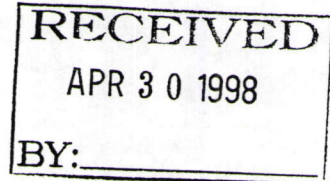
JOHN F CARMODY VP-FIN
AL CERNY LAND & LEGAL MGR
WESTERN STATES MINERALS CORP
4975 VAN GORDON ST
WHEAT RIDGE CO 80033

CRAIG R CARVER
ALFERS & CARVER LLC
730 SEVENTEETH ST STE 340
DENVER CO 80202

CHRIS G HAYES
ALFERS & CARVER LLC
730 SEVENTEETH ST STE 340
DENVER CO 80202

U S TRUSTEE
903 SAN JACINTO STE 230
AUSTIN TX 78701

UNITED STATES BANKRUPTCY COURT
Western District of Texas (Austin)



In re: Jumbo Mining Company, A Texas Corp. : No. 97-14326
:

PROOF OF CLAIM

The Bureau of Land Management (BLM), Department of the Interior, hereby files a Proof of Claim in this proceeding.

Basis of Claim: This is an estimate of the cost to meet obligations under Federal and State law to reclaim a mine site in the State of Utah. It is believed that the State of Utah is also filing a claim on this reclamation obligation.

Amount of Claim: \$1,337,000.00. Of this amount, \$162,000.00 is secured by a reclamation bond that has been posted by the debtor. This bond is held and administered by the State of Utah.

Classification of Claim: As noted above, \$162,000.00 is secured. The remaining \$1,175,000.00 may be treated as an administrative expense of the estate. In the alternative, it is an unsecured priority claim. The basis for this treatment is that the debtor is subject to a continuing obligation to reclaim its mine site, which is causing undue degradation to the environment and harm to the public.

Non-waiver of Police Powers: The filing of this proof of claim is not intended to waive any authority to exercise the authority that the United States of America, Department of the Interior, has under 11 U.S.C. §362(b)(4), or any other exemption to the automatic stay provisions of the Bankruptcy Code. The United States of America does not concede that the collection of the aforementioned reclamation costs is its sole remedy against the debtor under the Bankruptcy Code.

Supporting documentation: Attached.

April 28, 1998

Respectfully submitted,

RECEIVED

SEP 30 2002

ATTORNEY GENERAL
Natural Resource Division



BRUCE HILL
Attorney for BLM

7

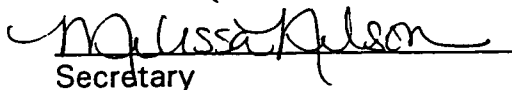
Certificate of Service

I hereby attest that on this the 28th day of April, 1998, I mailed a copy of the foregoing Proof of Claim to the following:

via First Class Mail:

C. Daniel Roberts, Trustee
415 Westlake Place
1515 Capitol of Texas Highway South
Austin, Texas 78746

James V. Hoeffner, Esq.
Attorney for the Debtor
515 Congress Ave., Suite 2600
Austin, Texas 78701-4042


Secretary



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

1594 West North Temple, Suite 1210

Box 145801

Salt Lake City, Utah 84114-5801

801-538-5340

801-359-3940 (Fax)

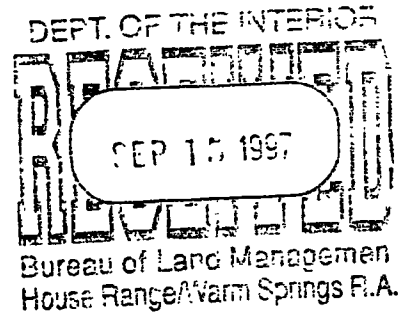
801-538-7223 (TDD)

Michael O. Leavitt
Governor

Ted Stewart
Executive Director

James W. Carter
Division Director

September 12, 1997



CERTIFIED RETURN RECEIPT

P 074 977 198

E.B. King, President

Jumbo Mining Company

6305 Fern Spring Cove

Austin, Texas 78730

CERTIFIED RETURN RECEIPT

P 074 977 199

Allan R. Cerny

Western States Minerals Corporation

4975 Van Gordon Street

Wheat Ridge, Colorado 80033

Re: NOTICE OF AGENCY ACTION TO ENFORCE VIOLATED MINERALS RULES,
Drum Mine, M/027/007, Millard and Juab County, Utah

Dear Messrs. King and Cerny:

Pursuant to the obligations of the Division of Oil, Gas and Mining ("the Division") under R647-4-102, the Division has reviewed the Notice of Intention for the Drum Mine, M/027/007, Millard and Juab County, Utah. The Division identified several compliance problems. This Notice of Agency Action will address these problems. Based on findings and analysis of the existing mining and reclamation plans for large mining operations at the Drum Mine permitted by Jumbo Mining Company ("JMC") and Western States Mining Company ("Western"), the Division finds that the amount of posted reclamation surety is inadequate to satisfy R647-4-113 and the reclamation plan needs to be updated pursuant to R647-4-102. These findings are based on the Division's Findings and Analysis for the Drum Mine, as attached, and are conducted under the provisions of R647-4-102.

In accordance with these findings the Division requires that:

(1) JMC and Western, within thirty days, increase the reclamation surety amount, subject to approval by the Board of Oil, Gas and Mining, to \$2,674, 000.00 in the aggregate, to meet reclamation surety requirements under the terms and conditions of their approved permits, the Utah Mined Land Reclamation Act and the supporting R647 regulations, and the requirements of other state and federal agencies as applicable. The Division calculates that Western's share of the bond equals \$1,337, 000.00 and JMC's share is \$1,337,000.00.

(2) JMC and Western, within thirty days, file a schedule for the submission of a complete and updated reclamation plan.

(3) Pursuant to R647-4-102, JMC and Western, within thirty days, correct the other permit deficiencies identified in the attached FINDINGS AND ANALYSIS, DRUM MINE.

Page 2

Messrs. King and Cerny

September 12, 1997

Opportunity to Appeal Division's Decision

R647-5-10.2.11.116 Jumbo Mining Company and Western States Mining Company may request an informal hearing before the Division's Director within ten (10) days of the date of this letter (or formal publication). Failure to make such a request for hearing will preclude right for any further participation, appeal or judicial review regarding this adjudicative proceeding.

Informal Hearing Conducted Before The Division's Director

R647-5-104.2.11.5 The adjudicative proceeding will be conducted informally according to the provisions of these Rules and Sections 63-46b-4 and 63-46b-5 of the Utah Code Annotated (1953, as amended).

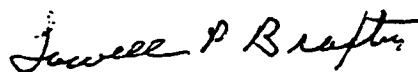
Legal Authority and Jurisdiction

R647-5-104.2.11.117 Pursuant to Section 40-8-5, Utah Code Annotated (1953, as amended), and accordance with Utah Administrative Rules R647-4-113 and R647-4-102.

Additional Information

The Division incorporates by reference "EXHIBIT 1". The Division's file number for the case is M/027/007. Accordingly, Jumbo Mining Company and Western States Minerals Corporation have a right to appeal the Division's decision on this matter by requesting an *informal* administrative hearing before the Division. A *written* appeal to this decision must be filed with the office within 10 days of your receipt of this certified letter. If no hearing is requested, then the Division's decision will become final.

Sincerely,



Lowell P. Braxton, Acting Director
Division of Oil, Gas & Mining
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, Utah 84114
Telephone: (801) 538-5370

dr

Enclosures: (1) Exhibit 1 - Certificate of Service
(2) Findings and Analysis, Drum Mine

p:drum-inf.naa

EXHIBIT 1

CERTIFICATE OF SERVICE

I hereby certify that I caused to be mailed, postage prepaid, a true and correct copy of the within and foregoing NOTICE OF AGENCY ACTION TO ENFORCE VIOLATED MINERALS RULES, Drum Mine, M/027/007 this 12th day of September, 1997, to the following:

CERTIFIED RETURN RECEIPT

P 074 977 198

E.B. King, President
Jumbo Mining Company
6305 Fern Spring Cove
Austin, TX 78730

Lawrence J. Jensen, Esq.
HOLLAND & HART LLP
Attorney for Jumbo Mining Company
215 South State Street, Suite 500
Salt Lake City, UT 84111

Z. Lance Samay, Esq.
Attorney for Jumbo Mining Company
1 Washington Street
P.O. Box 130
Morristown, NJ 07963

Thomas A. Mitchell, Esq.
Assistant Attorney General
Attorney for the
Division of Oil, Gas & Mining
160 East 300 South, Sixth Floor
P.O. Box 140857
Salt Lake City, UT 84114-0857

David Rupp
Division of Water Quality
Department of Environmental Quality
288 North 1460 West
Salt Lake City, UT 84116

CERTIFIED RETURN RECEIPT

P 074 977 199

Allan R. Cerny
Western States Minerals Corporation
4975 Van Gordon Street
Wheat Ridge, CO 80033

H. Michael Keller, Esq.
VAN COTT, BAGLEY, CORNWALL
& McCARTHY
Attorney for Western States Minerals Corp.
50 South Main Street, Suite 1600
Salt Lake City, UT 84144

Steven Alfors, Esq.
Christopher Hayes, Esq.
ALFERS & CARVER
Attorneys for Western States Mineral Corp.
730 17th Street, Suite 340
Denver, CO 80202

Ronald Teseneer
Sherri Wysong
Fillmore District Office
Bureau of Land Management
35 East 500 North
Fillmore, UT 84631

FINDINGS AND ANALYSIS

DRUM MINE

M/027/007

September 11, 1997

SUMMARY

The Drum Mine currently is permitted by two operators, Western States Minerals Corporation (WSMC) and Jumbo Mining Company (JUMBO). In July, 1989, portions of the permit area held by WSMC were transferred to JUMBO. This Findings and Analysis is presented as a matter of process as provided for under R647-4-102, Duration of the Notice of Intention, to determine whether the exiting Notice of Intentions for the Drum Mine meet the surety requirements and performance standards of the R647 Non-Coal Rules.

The conditions of partial permit transfer, dated July 25, 1989, clearly show that issues pertaining to reclamation responsibility were not completely resolved at the time of transfer. Moreover, ensuing events have undermined the assumptions of the reclamation plan.

Subsequent to partial transfer of the permit, the Division of Water Quality ordered cessation of the active leach pads in 1990. Cessation of the leaching operations left the leach pads inoperable and with no adequate closure plan for the leach pads during reclamation.

Applications to revise the plans by installing additional heap leach pads were found inadequate by the Division and indicated that numerous deficiencies pertaining to information found in the existing plan would need to be corrected prior to approval. Resolutions to inadequacies found in the plans for both WSMC and JUMBO have not been forthcoming since the partial permit transfer in 1989.

Review of the Notice of Intent by WSMC and the Notice of Intent by JUMBO found that the mining and reclamation plans for both operators were inadequate to clearly segregate the two permitted areas. Although the partial permit transfer indicated that certain features and facilities within the site were specific to WSMC or specific to JUMBO, neither plan accurately delineates these features as they currently exist nor demonstrate that reclamation can be accomplished within those specified areas.

Evaluation of the Drum Mine considers reclamation costs and treatments for the entire site. Assumptions made by the Division to ensure that adequate bond is available necessitate that the collective areas of both permits be used to achieve reclamation. Regrading of heaps and waste dumps and the utilization of available borrow materials for adequate cover and soil requirements to meet reclamation standards clearly indicate that areas currently delineated in either permit would have to overlap each other to achieve reclamation.

ANALYSIS AND FINDINGS OF PERMIT DEFICIENCY**R647-4-105 - Maps, Drawings and Photographs****Findings:**

As provided for under R647-4-102, and in accordance with the requirements of R647-4-105, each operator, shall at a minimum, provide a reclamation activities and treatment map to identify the location and the extent of the reclamation work to be accomplished by the operator upon cessation of mining operations. This drawing shall be utilized to determine adequate bonding and reclamation practices for the site.

Analysis:

No suitable designs or drawings exist with the plans to demonstrate that the site can adequately be reclaimed. No approved closure plans for the heap leach pads exist to determine the extent of the work required to conduct reclamation. Without adequate maps and plans delineating the location and the extent of the mining and reclamation activities to be conducted within each permit area, numerous assumptions were required by the Division to determine the surety requirements for the site.

R647-4-110 - Reclamation Plan**Findings:**

As provided for under R647-4-102, and in accordance with the requirements of R647-4-110, the existing mining and reclamation plans fail to suitably demonstrate that reclamation can be accomplished on the Drum Mine site. At a minimum, the plans must be provided to include maps or drawings as necessary and consist of a narrative description of the proposed reclamation. All applicable requirements under this section of the regulations must be adequately addressed. Specifically, a description of the treatment, location and disposition of any deleterious or acid-forming materials generated and left on-site, including a map showing the location of such materials upon the completion of reclamation. The plans must be clear and concise and demonstrate that the proposed reclamation treatments can be achieved.

Analysis:

The existing reclamation plans do not incorporate an adequate closure plan for the cyanide heaps. Such a closure plan must be incorporated into the plans for review and approval by the Division, DWQ, and the BLM.

The plans need to address the location, characterization and amount of suitable cover and

treatment, drainage and erosion control, and the re-establishment of natural drainages through the permit area as part of reclamation.

R647-4-113 - Surety

Findings:

As provided for under R647-4-102, and in accordance with the requirements of R647-4-113, the Division finds that the current amount of reclamation surety posted is inadequate. The Division shall require an increase in the reclamation surety to an aggregate amount of \$2,674,000.00 for the Drum Mine site. Respectively, WSMC shall be required to increase their reclamation surety amount to \$1,337,000.00 and JUMBO shall be required to increase their reclamation surety amount to \$1,337,000.00.

Analysis:

Determination of the bond amount for the Drum Mine requires several assumptions due to the lack of site specific information regarding reclamation of the facilities. It is important to note that the assumptions made in determination of the bond amount are preliminary (pre-design) in nature and do not assure that their application will comply with all the requirements of the Division, DEQ/DWQ, BLM, or other agencies' requirements. The intent of these assumptions (having failed to provide an approvable reclamation plan) is to apply a feasible scenario to achieve reclamation and to determine an appropriate bond amount to assure that reclamation can successfully be achieved. Assumptions made in determination of the bond amount are listed hereunder.

Evaluation of the Drum Mine considers reclamation costs and treatments for the entire site. Deficiencies in the operation and reclamation plans for both operators as explained in these analyses and assumptions made by the Division to estimate the bond amount necessitate that the collective areas of both permits be used to achieve reclamation. Regrading of heaps and waste dumps and the utilization of available borrow materials for adequate cover and soil requirements to meet reclamation standards clearly indicate that areas currently delineated in either permit would have to overlap each other to achieve reclamation.

The location and extent of the mining operations was determined using aerial photography and mapping information obtained from photography taken by Olympus Aerial Surveys on July 22, 1987. While both Western States Minerals Corporation (Western) and Jumbo Mining Company (Jumbo) both contend that little changes to the overall surface area have occurred since the date of the photography, the Division has been unable to obtain updated or current maps and plans showing existing conditions.

The amount of ore and waste materials removed and placed in heaps and dumps during the course of mining operations is also unclear in the operation plan. Ore was segregated into

these operations.

The state Department of Environment Quality (DEQ), Division of Water Quality (DWQ) ordered cessation of leaching operations for the site in July, 1990. Under these constraints, flushing of the leach pads for detoxification cannot occur as proposed in the plan. Evaluation of the existing conditions will be required in order to determine an acceptable method for neutralizing the cyanide heaps or preventing contamination from them. Until such time as a site characterization and evaluation of the heaps is accomplished, the specific methodology for mitigation and reclamation of the heaps cannot be determined. The reclamation cost estimate provides for a lump sum cost for the evaluation and treatments which may be necessary for reclamation but cannot be included in detail at this time.

For the purposes of evaluation of the bond amount required, two scenarios were evaluated. SCENARIO A - Relocation of all leached heaps to the pit areas for final reclamation, and, SCENARIO B - Regrading and capping of all leached heaps in existing locations.

SCENARIO A has the advantage of physically removing the leached ore from the pads and placing the materials in the pits. By removing the ore to the pad liners, any perched water held by the leach pads can be decanted and treated during the removal process. However the methods used to accomplish this have not been determined at this time and cannot be determined without a complete evaluation of all the heaps as they currently exist. Placing the ore back into the pit also eliminates the hazards associated with the pit operations and allows for regrading and revegetation of most of the pit areas. This scenario was discussed with the BLM and DWQ and was considered as the preferred alternative for reclamation.

SCENARIO B assumes that a method can be employed to either neutralize or eliminate the perched water beneath the heap pads. However the methods used to accomplish this have not been determined at this time and cannot be determined without a complete evaluation of all the heaps as they currently exist. Following treatment of the perched water beneath the pads, capping would be accomplished over all leached heaps to prevent any further contamination of surface or groundwater. This scenario leaves most of the pit areas as they currently exist and also unvegetated.

Under the assumptions of either SCENARIO A or SCENARIO B, the most significant costs involved in determination of the bond amount involve earthmoving activities. Because specific reclamation treatments for much of the reclamation work required have not and cannot be determined until such time as a detailed reclamation plan is provided, the evaluation and the determination of the bond amount has not included such specificity or detail in the cost estimate. Providing estimated costs of such incidental reclamation activities like fences, vegetation sampling, mobilization and demobilization costs, silt fencing, riprap, channel construction and other reclamation treatments would appear to only add a small percentage to the total bond estimate. For the purposes of these analyses, costs for such treatments are not detailed in the surety amount estimate. However, once a concise reclamation plan is developed, a more detailed

growth material. In either case, the amount of 'cover' material placed over the ore heaps would be two feet of material. For the bonding purposes, two feet of 'cover' material and an additional one foot of 'soil' (see below) material over the ore heaps will be used in estimating the costs.

Waste dumps, due to the coarse waste rock, have similar problems relating to moisture retention and root penetration. However, in the process of regrading the waste dumps, selected materials within the dumps themselves can be used to allow for finer materials to remain near the dump surfaces. This assumption precludes the necessity for applying two feet of cover material on the waste dumps. One foot of suitable growth material must however be applied to the surfaces of the dumps to satisfactorily achieve revegetation.

Suitable growth materials are to be used in as much as sufficient topsoil materials are not available within the permit area. Selected materials will have to be used from within the site to provide sufficient materials for suitable growth medium. Therefore, suitable growth material shall mean such topsoil, subsoil and other soil materials found within the site which are capable of supporting plant growth. The cost estimate shall refer to this material as 'soil' material.

Revegetation of the site will be accomplished following reclamation standards as presented in the plan and approved by the Division. The cost basis for revegetation will be by application of seed, mulch and fertilizer by hydro or air seeding methods. The total area requiring revegetation varies based on the scenario used. SCENARIO A includes revegetation of the pit areas covered and capped within the pit during backfilling. The total disturbed area requiring revegetation for this alternative including the proposed borrow area is approximately 270 acres, leaving approximately 5 acres un-revegetated. SCENARIO B will not include portions of the pit areas, but would include the borrow area, requiring revegetation of an estimated at 245 acres, leaving approximately 30 acres un-revegetated.

Unit cost information used in the determination of the bond amount is taken from R. S. Means, 1997 Heavy Construction Cost Data, 11th Annual Edition. The 30 City Average Cost Index was used in selecting unit cost information for each activity. The Means Historical Cost Index was used to project escalation costs.

Determination of Surety Amount				Last Revised	Sep 11, 1997	
Drum Mine			M/023/007		Juab County	Utah
ACTIVITY		QUANTITY	UNITS	COST/UNIT	AMOUNT	
ESTIMATED HEAP VOLUMES						
Heap	Av. Toe Elev.	Av. Crest Elev.	Av. Height, FT	Toe Area, FT2	Crest Area, FT2	Volume, YD3
HG-1	5945	5980	35	275,068	204,474	311,000
HG-2	5945	5965	20	346,041	227,802	213,000
HG-3	5990	6025	35	196,394	108,526	198,000
HG-4	6000	6035	35	239,006	132,167	241,000
HG-5	5990	6015	25	324,778	176,021	232,000
HG-6	6005	6045	40	101,463	30,624	98,000
HG-7	5960	5985	25	364,434	200,517	262,000
LG-1	5910	5925	15	121,510	70,570	53,000
LG-2	6050	6090	40	303,948	97,983	298,000
LG-3	6035	6085	50	286,581	105,774	363,000
Total Heap Volume						2,269,000
ESTIMATED DUMP VOLUMES						
Waste Dump			Volume, YD3			
WD-1			549,000			
WD-2			434,000			
WD-3			65,000			
WD-4 (Covered by HG-7)			0			
WD-5			789,000			
Total Waste Dump Volumes			1,837,000			

Determination of Surety Amount			Last Revised	Sep 11, 1997
Drum Mine		M/023/007	Juab County	Utah
ACTIVITY	QUANTITY	UNITS	COST/UNIT	AMOUNT
SCENARIO A - Relocation of all leached heaps to the pit areas for final reclamation.				
DETOXIFICATION Detoxification assumes flushing of the heap areas with water to neutralize cyanide is not a viable option due the current restrictions on the leach pad operation. In order to eliminate contaminated water perched within and under the leach pad facilities, the ore will be removed down to the pad liners. Any water encountered in the ore removal process will be decanted from heaps, neutralized and disposed of by treatments necessary and approved by DEQ in developing a mitigation plan for detoxification of the leach pads. Costs include evaluation of the heaps, sampling costs, installation of monitoring locations, pumps and other equipment needed, removal of liners, and labor to operate and monitor the detoxification process. Costs associated with removal of the ore are found in the Earthwork section of the estimate.				
DETOXIFICATION	\$150,000	LUMP SUM		\$150,000
SUBTOTAL DETOXIFICATION				\$150,000
EARTHWORK Earthwork includes the costs associated with the relocation of the leached ore to pits for disposal, covering the ore with two feet suitable cover material and one foot of soil material. Waste material and unleached ore is to be covered with one foot of soil material. All areas are to be regraded to maintain fill slopes at 3:1 and to re-establish drainage throughout the permit area.				
HAULING, REGRADING, COVER AND SOIL PLACEMENT				
21 YD3 SCRAPER, MEANS 022 246 2000	\$2.46	/YD3	1500' average haul	
FILL, MEANS 022 262 0010	\$1.40	/YD3	Spread dumped material by dozer, no compaction	
200HP DOZER, MEANS 029 204 2160	\$829.82	/AC	Rough grade and scarify	
PLANT AREA				
Rough Grade and Scarify	18.1	AC	\$829.82	\$15,020
PIT NO. 1				
Total Pit Area	25.0	AC		
Area of pit filled by leached ore	12.5	AC		
Cover (Cap) exposed ore, w/2 feet material using scrapers	40,300	YD3	\$2.46	\$99,138
Soil exposed ore, w/1 foot material using scrapers	20,150	YD3	\$2.46	\$49,569
Rough Grade and Scarify remaining areas	12.5	AC	\$829.82	\$10,373
PIT NO. 2				
Total Pit Area	21.2	AC		
Area of pit filled by leached ore	10.0	AC		
Cover (Cap) exposed ore, w/2 feet material using scrapers	32,300	YD3	\$2.46	\$79,458
Soil exposed ore, w/1 foot material using scrapers	16,100	YD3	\$2.46	\$39,606
Rough Grade and Scarify remaining areas	11.2	AC	\$829.82	\$9,294

Determination of Surety Amount			Last Revised	Sep 11, 1997
Drum Mine		M/023/007	Juab County	Utah
ACTIVITY	QUANTITY	UNITS	COST/UNIT	AMOUNT
Rough Grade and Scarify	10.9	AC	\$829.82	\$9,045
Soil waste dump, w/1 foot material using dozer	17,600	YD3	\$1.40	\$24,640
HG-6				
Haul leached ore to pit areas using scrapers	98,000	YD3	\$2.46	\$241,080
Rough Grade and Scarify	4.7	AC	\$829.82	\$3,900
Soil waste dump, w/1 foot material using dozer	7,600	YD3	\$1.40	\$10,640
HG-7				
Haul leached ore to pit areas using scrapers	262,000	YD3	\$2.46	\$644,520
Rough Grade and Scarify	10.7	AC	\$829.82	\$8,879
Soil waste dump, w/1 foot material using dozer	17,300	YD3	\$1.40	\$24,220
LG-1				
Rough Grade and Scarify	4.3	AC	\$829.82	\$3,568
Soil waste dump, w/1 foot material using dozer	6,900	YD3	\$1.40	\$9,660
LG-2				
Haul leached ore to pit areas using scrapers	298,000	YD3	\$2.46	\$733,080
Rough Grade and Scarify	17.8	AC	\$829.82	\$14,771
Soil waste dump, w/1 foot material using dozer	28,700	YD3	\$1.40	\$40,180
LG-3				
Haul leached ore to pit areas using scrapers	363,000	YD3	\$2.46	\$892,980
Rough Grade and Scarify	10.0	AC	\$829.82	\$8,298
Soil waste dump, w/1 foot material using dozer	16,100	YD3	\$1.40	\$22,540
ROADS AND OTHER AREAS				
Rough Grade and Scarify	23.7	AC	\$829.82	\$19,667
PROPOSED BORROW AREA				
Rough Grade and Scarify	23.0	AC	\$829.82	\$19,086
SUBTOTAL EARTHWORK				\$6,292,682
DEMOLITION AND REMOVAL				
Demolition and removal of Plant Area structures, pumps, piping, etc. Disposal of demolition debris, trash, pond and heap liners, and other waste materials to an approved landfill. Salvage value of equipment or materials is not considered as part of the bond amount required.				
DEMOLITION AND REMOVAL	\$30,000	LUMP SUM		\$30,000
SUBTOTAL DEMOLITION AND REMOVAL				\$30,000

Determination of Surety Amount			Last Revised	Sep 11, 1997
Drum Mine		M/023/007	Juab County	Utah
ACTIVITY	QUANTITY	UNITS	COST/UNIT	AMOUNT
SCENARIO B - Regrading and capping of all leached heaps in existing locations.				
DETOXIFICATION				
Detoxification assumes flushing of the heap areas with water to neutralize cyanide is not a viable option due the current restrictions on the leach pad operation. In order to eliminate contaminated water perched within and under the leach pad facilities, the ore will be drilled or trenched down to the pad liners to locate perched water. Any water encountered in the process will be decanted from heaps or otherwise neutralized or disposed of by treatments necessary and approved by DEQ in developing a mitigation plan for detoxification of the leach pads. Costs include evaluation of the heaps, drilling/trenching, sampling costs, installation of monitoring locations, extending pad liners, pumps and other equipment needed, and labor to operate and monitor the detoxification process.				
DETOXIFICATION	\$350,000	LUMP SUM		\$350,000
SUBTOTAL DETOXIFICATION				\$350,000
EARTHWORK				
Earthwork includes the costs associated with the regrading of the leached ore heaps, covering the ore with two feet suitable cover material and one foot of soil material. Waste material and unleached or is to be regraded and covered with one foot of soil material. All areas are to be regraded to maintain fill slopes at 3:1 and to re-establish drainage throughout the permit area.				
HAULING, REGRADING, COVER AND SOIL PLACEMENT				
21 YD3 SCRAPER, MEANS 022 246 2000	\$2.46	/YD3	1500 ft average haul	
FILL, MEANS 022 262 0010	\$1.40	/YD3	Spread dumped material by dozer, no compaction	
200HP DOZER, MEANS 029 204 2160	\$829.82	/AC	Rough grade and scarify	
Plant Area				
Rough Grade and Scarify	18.1	AC	\$829.82	\$15,020
Pit No. 1				
Total Pit Area	25.0	AC		
Area of pit filled by leached ore	12.5	AC		
Cover (Cap) exposed ore, w/2 feet material using scrapers	40,300	YD3	\$2.46	\$99,138
Soil exposed ore, w/1 foot material using scrapers	20,150	YD3	\$2.46	\$49,569
Rough Grade and Scarify remaining areas	12.5	AC	\$829.82	\$10,373
Pit No. 2				
Total Pit Area	21.2	AC		
Area of pit filled by leached ore	8.0	AC		
Cover (Cap) exposed ore, w/2 feet material using scrapers	25,800	YD3	\$2.46	\$63,468
Soil exposed ore, w/1 foot material using scrapers	12,900	YD3	\$2.46	\$31,734
Rough Grade and Scarify remaining areas	13.2	AC	\$829.82	\$10,954

Determination of Surety Amount			Last Revised	Sep 11, 1997
Drum Mine		M/023/007	Juab County	Utah
ACTIVITY	QUANTITY	UNITS	COST/UNIT	AMOUNT
Cover (Cap) Heap w/2 feet using scrapers	35,200	YD3	\$2.46	\$86,592
Soil waste dump, w/1 foot material using dozer	17,600	YD3	\$1.40	\$24,640
HG-6				
Rough Grade and Scarify	4.7	AC	\$829.82	\$3,900
Cover (Cap) Heap w/2 feet using scrapers	15,200	YD3	\$2.46	\$37,392
Soil waste dump, w/1 foot material using dozer	7,600	YD3	\$1.40	\$10,640
HG-7				
Rough Grade and Scarify	10.7	AC	\$829.82	\$8,879
Cover (Cap) Heap w/2 feet using scrapers	34,500	YD3	\$2.46	\$84,870
Soil waste dump, w/1 foot material using dozer	17,300	YD3	\$1.40	\$24,220
LG-1				
Rough Grade and Scarify	4.3	AC	\$829.82	\$3,568
Soil waste dump, w/1 foot material using dozer	6,900	YD3	\$1.40	\$9,660
LG-2				
Rough Grade and Scarify	17.8	AC	\$829.82	\$14,771
Cover (Cap) Heap w/2 feet using scrapers	57,400	YD3	\$2.46	\$141,204
Soil waste dump, w/1 foot material using dozer	28,700	YD3	\$1.40	\$40,180
LG-3				
Rough Grade and Scarify	10.0	AC	\$829.82	\$8,298
Cover (Cap) Heap w/2 feet using scrapers	32,300	YD3	\$2.46	\$79,458
Soil waste dump, w/1 foot material using dozer	16,100	YD3	\$1.40	\$22,540
Roads and Other Areas				
Rough Grade and Scarify	23.7	AC	\$829.82	\$19,667
Proposed Borrow Area				
Rough Grade and Scarify	23.0	AC	\$829.82	\$19,086
SUBTOTAL EARTHWORK				\$1,570,404
DEMOLITION AND REMOVAL				
Demolition and removal of Plant Area structures, pumps, piping, etc. Disposal of demolition debris, pond and pad liners, trash and other waste materials to an approved landfill. Salvage value of equipment or materials is not considered as part of the bond amount required.				
DEMOLITION AND REMOVAL	\$30,000	LUMP SUM		\$30,000
SUBTOTAL DEMOLITION AND REMOVAL				\$30,000

partial permit transfer document, adjusting the bond in proportion to the acreages in the partial permit transfer also appears inappropriate.

Utilizing the intent of the partial permit transfer in that JUMBO was indicated as being responsible for heaps HG-1, HG-2, HG-3 HG-4, and HG-5, while WSMC would retain liability for heaps HG-6, LG-1, LG-2, and LG-3. The area of the toe for each heap was calculated and is shown in the estimated heap volume calculations in the above table. Based on these areas, JUMBO accounts for 31.7 acres in heap area and WSMC accounts for 27.1 acres in heap area as they currently exists on the site. In terms of volume, JUMBO's heaps contained an estimated 1,195,000 cubic yards of ore and WSMC's heaps contained an estimated 1,074,000 cubic yards.

JUMBO's intended responsibility for the other areas included Pit 1, Pit 2, the Plant Area, Roads and other miscellaneous disturbed areas. WSMC's responsibility included the waste dumps, WD-1, WD-2, WD-3 and WD-5. For these areas as delineated during this evaluation, JUMBO accounts for about 88 acres and WSMC accounts for 63.1 acres. Neither plan discusses the possibility of the borrow area that was incorporated into the site which had an estimated additional 23 acres. Utilization of the borrow area, the roads, ramps, waste dumps and other inholdings within the delineated disturbed areas are commingled during reclamation evaluating based on these areas seems inappropriate at this time.

Because much of the controversy and costs incorporated into the cost estimate involve detoxification, regrading and reclamation of the heaps, and, that the amount of ore retained in the heaps for each operator is essentially equal, it follows that, until such time as the plans are revised, that both operators should assume equal responsibility in terms of the bond amount required.

Accordingly, the Division finds that each operator should increase their respective bond amount \$1, 337,000.00 and that the aggregate amount of bond for the entire site is \$2,674,000.00.

Send to _____

Case / Adv. No. _____

Case Name _____ UNITED STATES BANKRUPTCY COURT

Subfile 13-000000 WESTERN DISTRICT OF TEXAS
AUSTIN DIVISION

FILED

OCT 26 1998

U.S. BANKRUPTCY COURT
BY AL DEPUTY

In re

JUMBO MINING COMPANY,
a Texas corporation,

Debtor.

CASE NO. 97-14326 FM
Chapter 7

AGREED ORDER APPROVING
FIRST STIPULATION AND MOTION BY THE TRUSTEE AND THE UTAH DIVISION &
BOARD OF OIL, GAS & MINING FOR AN ORDER PERTAINING TO THE
DRUM MINE IN UTAH (WITH A PROOF OF CLAIM)

CAME ON this day for consideration the *First Stipulation And Motion By The Trustee And The Utah Division & Board Of Oil, Gas & Mining For An Order Pertaining To The Drum Mine In Utah (With A Proof Of Claim)*, and the court finding (i) that the stipulation and motion have been made by the joint movants, (ii) that no party in interest has objected except for Western States Mineral Corporation ("Western"), and (iii) that Western has withdrawn its objection in that certain *Clarifying Addendum To First Stipulation And Motion By The Trustee And The Utah Division & Board Of Oil, Gas & Mining For An Order Pertaining To The Drum Mine In Utah (With Proof Of Claim)* filed in this case, it is therefore

ORDERED that the *First Stipulation And Motion By The Trustee And The Utah Division & Board Of Oil, Gas & Mining For An Order Pertaining To The Drum Mine In Utah (With A Proof Of Claim)* as modified by that certain *Clarifying Addendum To First Stipulation And Motion By The Trustee And The Utah Division & Board Of Oil, Gas & Mining For An Order Pertaining To The Drum Mine In Utah (With Proof Of Claim)*, is approved according to its terms.

DATED: Oct. 26, 1998.

RECEIVED


SEP 30 2002

ATTORNEY GENERAL
Natural Resource Division

FRANK R. MONROE
FRANK R. MONROE
U. S. BANKRUPTCY JUDGE

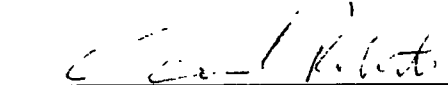
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mc

AGREED:



John W. Alvis - 01130000
Alvis Carsow & Ingalls
5766 Balcones Dr., Ste. 201
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ATTORNEYS FOR TRUSTEE

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RECLAMATION SURETY ESTIMATE

Jumbo Mining Company

Drum Mine

DOGM file Number M/027/007

Prepared by Utah State Division of Oil, Gas & Mining

last revision

09/03/02

filename M027-007.WB2

page "estimate D8"

Millard County

Costs calculated for reseeding the mine site at Drum.

Note: actual unit costs may vary according to site conditions

last unit cost update

2-Aug-00

=Amount of disturbed area which will receive reclamation treatments = 159

acres

-Estimated total disturbed area for this mine =

159 acres

Activity	Quantity	Units	\$/unit	\$	Note
Ripping areas prior to seeding	159	acre	179	28461	(9)
Composted manure (10 ton/acre)	159	acre	300	47700	(00)
Broadcast seeding	159	acre	225	35775	(00)
Equipment mobilization	2	equip	2000	4000	(00)
Reclamation supervision	10	days	386	3860	(15)
		Total		119796	
		Rounded surety amount		119800	
Average cost per disturber acre =	753				

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF TEXAS
AUSTIN DIVISION

IN RE	:	CASE NO. 97-14326-FRM
	:	
JUMBO MINING	:	(Chapter 7)
	:	
Debtor.	:	

**ORDER SETTING ASIDE ORDER DISALLOWING CLAIM
AND ALLOWING AMENDMENT OF CLAIM**

On this date came on to be considered the Utah Board of Oil, Gas and Mining and Utah Division of Oil Gas and Mining's Motion to Set Aside Order Disallowing Claim and to Allow Amendment of Claim (the "Motion"). The Court has reviewed the Motion and the "First Stipulation and Motion by the Trustee and the Utah Division of Board of Oil, Gas and Mining for an Order pertaining to the Drum Mine in Utah (with Proof of Claim)" as amended by the "Clarifying Addendum" copies of which are attached and marked as "Exhibit B" to the Motion (the "Claims Stipulation") and for good cause appearing, it is hereby

ORDERED, that the "Order on Trustee's Objection of the Claim of Bureau of Land Management, Utah State Office," (the "Objection Order") entered on or about November 18, 2002, and a copy of which is attached hereto as Exhibit "1" is set aside; it is further

ORDERED, that the the proof of claim deemed filed under paragraph 33 of the Claim Stipulation, shall be deemed amended to reflect liquidation of the security for Utah Board of Oil, Gas and Mining and Utah Division of Oil Gas and Mining's claim and the balance of the reclamation

obligation owed by the Debtor's bankruptcy estate, in the amount of \$119,800.00 shall be allowed as an administrative priority claim against the bankruptcy estate.

DATED this ____ day of _____, 2003.

BY THE COURT:

Frank R. Monroe
United States Bankruptcy Judge

CERTIFICATE OF SERVICE

By my signature above, I, Julie A. Bryan, hereby certify that on the 16 day of May, 2003, a true and correct copy of the foregoing document was served upon the following parties and the parties on the attached matrix by U.S. Mail:

Jumbo Mining Company
c/o E.B. King
6305 Fern Spring Rd
Austin, Texas 78730
DEBTOR

James V. Hoeffner
Attorney at Law
515 Congress Ave., Ste. 2600
Austin, TEXAS 78701-4042
ATTORNEY FOR DEBTOR

Office of the U.S. Trustee
Homer Thornberry Federal Judicial Building
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Austin, Texas 78701


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Bureau of Land Management
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324 S State #301
SLC, UT 84111

IBEX Gold Mining Trust
Attn: P Robert Knight
12454 E Brickyard Rd Ste 530
SLC, UT 84106

Texas Commerce Bank
Attn: James Watkins
700 Lavaca
Austin, TX 78701

Utah Div of Oil Gas Mining
James W Carter Dir
1594 W North Temple #1210
SLC, UT 84114-5801

Holland & Hart LLP
DEPT 400
DENVER CO 80291-0400

State of Utah, Trust Lands Adm
3 Triad Ctr Ste 400
355 W North Temple
SLC, UT 84180-1204

Utah Dept of Workforce Svcs
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SLC, UT 84145-0233

Workers Compensation Fund of
Utah
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Murray, UT 84107

Glenn W. Merrick
Brega & Winters PC
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Denver, CO 80203

John F Carmody VP-Fin
Western States Minerals Corp
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Wheatridge CO 80033

Bureau of Land Management
AZ State Office/Mining Branch
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Phoenix, AZ 85001-0555

Nevada Dept of Taxation
PO BOX 98596
Las Vegas, NV 89193-8596

US Dept of the Interior
Nevada State Dir/BLM
PO BOX 12000
Reno NV 89520

Bureau of Land Management
PO BOX 12000
Reno, NV 89520

MIZPAH MINING CO
PO BOX 336
DELTA UT 84624

US Dept of the Interior
Land Mgmt/Arizona/Mining Br
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Phoenix, AZ 85001-0555

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Utah Dept of Environmental Quality
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SLC, UT 84114-4870

Dave Hartshorn
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Nevada Div of Environmental
Protection (Mining Reg & Rec)
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SLC, UT 84145-0266

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Austin TX 78730

ASOMA (Utah)
c/o E B King
6305 Fern Spring Cove
Austin, TX 78730

Stephen D. Alfes
Alfers & Carver LLC
730 Seventeenth St Ste 340
Denver, CO 80202

Craig R Carver
Alfers & Carver
730 Seventeenth St. Ste 340
Denver, CO 80202

U S Trustee
903 San Jacinto, Ste230
Austin, TX 78701

FILED

NOV 18 2002

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF TEXAS
AUSTIN DIVISION**U.S. BANKRUPTCY COURT
BY nm DEPUTY

IN RE

JUMBO MINING

Debtor

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CASE NO. 97-14326-FRM

(Chapter 7)

**ORDER ON TRUSTEE'S OBJECTION TO THE CLAIM
OF BUREAU OF LAND MANAGEMENT UTAH STATE OFFICE**

On this date came on to be considered Trustee's Objection to the Claim of Bureau of Land and Management Utah State Office ("BLM") in the amount of One Million Three Hundred Thirty-seven Thousand no/100ths Dollars (\$1,337,000.00), and it appearing to the Court that said claim should be disposed of as follows, it is therefore hereby

ORDERED that Trustee's objection be and the same is hereby granted, and it is further

ORDERED that the claim of the BLM in the amount of \$1,337,000.00 is disallowed as a claim against the estate.



Frank R. Monroe
U. S. Bankruptcy Judge

SEND DOCKETED COPY TO:

C. Daniel Roberts, Trustee
1300 Guadalupe, Suite 111
Austin, Texas 78701
Telephone No. (512) 494-8448
Facsimile No. (512) 494-8712